

54TH REGULAR SESSION

PROPOSED CONSTITUTIONAL AMENDMENT—STATE
INSTITUTIONS OF HIGHER LEARNING

H. J. R. No. 15

Proposing an amendment to the Constitution of the State of Texas by amending Article VII, Sections 17 and 18, providing a method of payment for the construction and equipment of buildings and other permanent improvements at State institutions of higher learning and repealing Chapter 330, Acts, Regular Session, Fifty-third Legislature; and proposing an amendment to Article VII of the Constitution of the State of Texas by adding a new section after Section 11 thereof to be designated as Section 11a, providing for the improved support of The University of Texas and the Agricultural and Mechanical College of Texas from a source other than tax revenue by providing for the broader investment of the Permanent University Fund in corporate bonds and stocks under certain conditions and limitations; providing for an election and the issuance of a proclamation therefor.

Be it resolved by the Legislature of the State of Texas:

Section 1. That Sections 17 and 18 of Article VII of the Constitution of the State of Texas be amended so as to hereafter read as follows:

"Section 17. In lieu of the State ad valorem tax on property of Seven Cents (7¢) on the One Hundred Dollars (\$100) valuation heretofore permitted to be levied by Section 51 of Article 3, as amended, there is hereby levied, in addition to all other taxes permitted by the Constitution of Texas, a State ad valorem tax on property of Two Cents (2¢) on the One Hundred Dollars (\$100) valuation for the purpose of creating a special fund for the continuing payment of Confederate pensions as provided under Section 51, Article 3, and for the establishment and continued maintenance of the State Building Fund as provided in Section 51b, Article 3, of the Constitution.

"Also, there is hereby levied, in addition to all other taxes permitted by the Constitution of Texas, a State ad valorem tax on property of Five Cents (5¢) on the One Hundred Dollars (\$100) valuation for the purpose of creating a special fund for the purpose of acquiring, constructing and initially equipping buildings, or other permanent improvements at the designated institutions of higher learning; and the governing board of each of such institutions of higher learning is fully authorized to pledge all or any part of said funds allotted to such institution as hereinafter provided, to secure bonds or notes issued for the purpose of acquiring, constructing and initially equipping such buildings or other permanent improvements at said respective institutions. Such bonds or notes shall be issued in such amounts as may be determined by the governing boards of said respective institutions, shall bear interest not to exceed three per cent (3%) per annum and shall mature serially or otherwise not later than September 1, 1968, and September 1, 1978, respectively; provided, the power to issue bonds or notes hereunder is expressly limited to a period of twenty (20) years from the effective date of this amendment; and provided further, that the Five Cent (5¢) tax hereby levied shall expire finally upon payment of all bonds or notes hereby authorized; provided, further, that the State tax on property as heretofore permitted to be levied by Section 9 of Article VIII, as amended, exclusive of the tax necessary to pay the public debt, and of the taxes provided for the benefit of the public free schools, shall never exceed Thirty Cents (30¢) on the One Hundred Dollars (\$100) valuation. All bonds shall be examined and approved by the Attorney General of the State of Texas, and when so approved shall be incontestable; and all approved bonds shall be registered in the office of the Comptroller of Public Accounts of the State of Texas.

RESOLUTIONS

Said bonds shall be sold only through competitive bids and shall never be sold for less than their par value and accrued interest.

"Funds raised from said Five Cent (5¢) tax levy for the ten-year period beginning January 1, 1958, shall be allocated by the Comptroller of Public Accounts of the State of Texas on June first of that year, based on the average long session full-time student equivalent enrollment (fifteen (15) semester credit hours shall constitute one full-time student) for the preceding five-year period of time, to the following State institutions of higher learning then in existence, to wit:

Texas State College for Women at Denton
Texas College of Arts and Industries at Kingsville
Texas Technological College at Lubbock
East Texas State Teachers College at Commerce
North Texas State College at Denton
Sam Houston State Teachers College at Huntsville
Southwest Texas State Teachers College at San Marcos
Stephen F. Austin State College at Nacogdoches
Sul Ross State College at Alpine
West Texas State College at Canyon
Texas Southern University at Houston
Lamar State College of Technology at Beaumont

"Not later than June first of the beginning year of each succeeding ten-year period, the Comptroller of Public Accounts of the State of Texas, based on the average long session full-time student equivalent enrollment (fifteen (15) semester credit hours shall constitute one full-time student) for the preceding five-year period of time, shall re-allocate, to the above-designated institutions of higher learning then in existence, all funds to be derived from said Five Cent (5¢) ad valorem tax for said ten-year period; and all such designated institutions of higher learning which participate in the allocation or re-allocation of such funds shall not thereafter receive any General Revenue funds for the acquiring or constructing of buildings or other permanent improvements for which said Five Cent (5¢) ad valorem tax is herein provided, except in case of fire, flood, storm, or earthquake occurring at any such institution, in which case an appropriation in an amount sufficient to replace the uninsured loss so incurred may be made by the Legislature out of any General Revenue funds. The State Comptroller of Public Accounts shall draw all necessary and proper warrants upon the State Treasury in order to carry out the purpose of this amendment; and the State Treasurer shall pay warrants so issued out of the special fund hereby created for said purpose. This amendment shall be self-enacting; provided, however, it shall not become operative or effective upon its adoption so as to supersede or repeal the former provisions of this Section, but shall become so operative and effective on January 1, 1958; provided, further, that nothing herein shall be construed as impairing the obligation incurred by any outstanding notes or bonds heretofore issued by any State institution of higher learning under this Section prior to the adoption of this amendment, but such notes or bonds shall be paid, both as to principal and interest, from the fund as heretofore allocated to any such institution under this Section, nor shall the provisions of this amendment affect in any way the prior allocation of the revenue for the ten-year period beginning January 1, 1948, as heretofore authorized by the provisions of Section 17 of Article VII of this Constitution as adopted August 23, 1947. Chapter 330, Acts, Regular Session, Fifty-third Legislature is repealed upon the effective date of this Amendment; but the principal and interest due on any obligations incurred by the governing boards of Lamar State College of Technology at Beaumont and of Texas Southern University at Houston

54TH REGULAR SESSION

under the provisions of said Chapter 330 prior to its repeal shall be paid from the allocations to Lamar State College of Technology and Texas Southern University from the funds raised by the Five Cent (5¢) ad valorem tax levy as provided in this Section, and the annual allocations to these institutions under this Section shall be first devoted to current requirements for meeting such obligations in accordance with their terms.

"Section 18. For the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for the Texas Agricultural and Mechanical College System, including the Agricultural and Mechanical College of Texas at College Station, Arlington State College at Arlington, Prairie View Agricultural and Mechanical College of Texas at Prairie View, Tarleton State College at Stephenville, Texas Agricultural Experiment Stations, Texas Agricultural Extension Service, Texas Engineering Experiment Station, at College Station, Texas Engineering Extension Service, at College Station, and the Texas Forest Service, the Board of Directors of the Agricultural and Mechanical College of Texas is hereby authorized to issue negotiable bonds or notes not to exceed a total amount of one-third ($\frac{1}{3}$) of twenty per cent (20%) of the value of the Permanent University Fund exclusive of real estate at the time of any issuance thereof; provided, however, no building or other permanent improvement shall be acquired or constructed hereunder for use by any part of The Texas Agricultural and Mechanical College System, except at and for the use of the general academic institutions of said System, namely, the Agricultural and Mechanical College of Texas, Arlington State College, Tarleton State College, and Prairie View A. and M. College, without the prior approval of the Legislature or of such agency as may be authorized by the Legislature to grant such approval; and for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, including the Main University of Texas at Austin, The University of Texas Medical Branch at Galveston, The University of Texas Southwestern Medical School at Dallas, The University of Texas Dental Branch at Houston, Texas Western College of The University of Texas at El Paso, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, The University of Texas Postgraduate School of Medicine, The University of Texas School of Public Health, McDonald Observatory at Mount Locke, and the Marine Science Institute at Port Aransas, the Board of Regents of The University of Texas is hereby authorized to issue negotiable bonds and notes not to exceed a total amount of two-thirds ($\frac{2}{3}$) of twenty per cent (20%) of the value of the Permanent University Fund exclusive of real estate at the time of any issuance thereof; provided, however, no building or other permanent improvement shall be acquired or constructed hereunder for use by any institution of The University of Texas System, except at and for the use of the general academic institutions of said System, namely, the Main University and Texas Western College, without the prior approval of the Legislature or of such agency as may be authorized by the Legislature to grant such approval. Any bonds or notes issued hereunder shall be payable solely out of the income from the Permanent University Fund. Bonds or notes so issued shall mature serially or otherwise not more than thirty (30) years from their respective dates.

"The Texas Agricultural and Mechanical College System and all of the institutions constituting such System as hereinabove enumerated, and The University of Texas System, and all of the institutions constituting such System as hereinabove enumerated, shall not, after the effective date of this Amendment, receive any General Revenue funds for the acquiring or constructing of buildings or other permanent improvements,

RESOLUTIONS

except in case of fire, flood, storm, or earthquake occurring at any such institution, in which case an appropriation in an amount sufficient to replace the uninsured loss so incurred may be made by the Legislature out of General Revenue funds.

"Said Boards are severally authorized to pledge the whole or any part of the respective interests of the Agricultural and Mechanical College of Texas and of The University of Texas in the income from the Permanent University Fund, as such interests are now apportioned by Chapter 42 of the Acts of the Regular Session of the Forty-second Legislature of the State of Texas, for the purpose of securing the payment of the principal and interest of such bonds or notes. The Permanent University Fund may be invested in such bonds or notes.

"All bonds or notes issued pursuant hereto shall be approved by the Attorney General of Texas and when so approved shall be incontestable. This amendment shall be self-enacting and shall become effective January 1, 1958; provided, however, that nothing herein shall be construed as impairing any obligation heretofore created by the issuance of any outstanding notes or bonds under this section by the respective Boards prior to the adoption of this amendment but any such outstanding notes or bonds shall be paid in full, both principal and interest, in accordance with the terms of such contracts."

Sec. 2. That Article VII of the Constitution of the State of Texas shall be amended by adding after Section 11 thereof a new Section to be designated Section 11a, which shall read as follows:

"Section 11a. In addition to the bonds now enumerated in Section 11 of Article VII of the Constitution of the State of Texas, the Permanent University Fund may be invested in first lien real estate mortgage securities guaranteed in any manner in whole by the United States Government or any agency thereof and in such corporation bonds, preferred stocks and common stocks as the Board of Regents of The University of Texas may deem to be proper investments for said fund; and the interest and dividends accruing from the securities listed in Section 11 and Section 11a, except the portion thereof which is appropriated by the operation of Section 18 of Article VII for the payment of principal and interest on bonds or notes issued thereunder, shall be subject to appropriation by the Legislature to accomplish the purposes declared in Section 10 of Article VII of this Constitution. In making each and all of such investments said Board of Regents shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital; provided, however, that not more than fifty per cent (50%) of said fund shall be invested at any given time in corporate stocks and bonds, nor shall more than one per cent (1%) of said fund be invested in securities issued by any one (1) corporation, nor shall more than five per cent (5%) of the voting stock of any one (1) corporation be owned; and provided, further, that stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for ten (10) consecutive years or longer immediately prior to the date of purchase and which, except for bank stocks and insurance stocks, are listed upon an exchange registered with the Securities and Exchange Commission or its successors. This amendment shall be self-enacting, and shall become effective upon its adoption, provided, however, that the Legislature shall provide by law for full disclosure of all details concerning the investments in corporate stocks and bonds and other investments authorized herein."

54TH REGULAR SESSION

Sec. 3. The foregoing Constitutional Amendment shall be submitted to a vote of the qualified electors of this State at the General Election to be held on the first Tuesday after the first Monday in November, A.D. 1956, at which election all ballots shall have printed thereon:

"FOR the Amendment to Article VII of the Constitution of the State of Texas by amending Sections 17 and 18 thereof, providing a method of payment for the construction and equipment of buildings and other permanent improvements at State institutions of higher learning; and by adding a new section thereto to be designated as Section 11a, providing for the improved support of The University of Texas System and the Texas Agricultural and Mechanical College System by authorizing the investment of the Permanent University Fund in corporate bonds and stocks under certain conditions and limitations."

"AGAINST the Amendment to Article VII of the Constitution of the State of Texas by amending Sections 17 and 18 thereof, providing a method of payment for the construction and equipment of buildings and other permanent improvements at State institutions of higher learning; and by adding a new section thereto to be designated as Section 11a, providing for the improved support of The University of Texas System and the Texas Agricultural and Mechanical College System by authorizing the investment of the Permanent University Fund in corporate bonds and stocks under certain conditions and limitations."

Sec. 4. The Governor shall issue the necessary proclamation for said election and have the same published as required by the Constitution and laws of this State.

Passed the House, March 22, 1955: Yeas 133, Nays 6; House refused to concur in Senate amendments, April 21, 1955, and requested appointment of Conference Committee to consider differences between the two Houses; House adopted Conference Committee Report, May 9, 1955: Yeas 129, Nays 7; passed the Senate, as amended, April 20, 1955: Yeas 27, Nays 4; at request of House, Senate appointed Conference Committee to consider differences between the two Houses; Senate adopted Conference Committee report, May 16, 1955: Yeas 25, Nays 6.

Approved May 31, 1955.

To be voted at election to be held Nov. 6, 1956.

PROPOSED CONSTITUTIONAL AMENDMENT—TAX LEVY

H. J. R. No. 23

Proposing an Amendment to Section 9 of Article VIII of the Constitution of Texas so as to provide that the Commissioners Court in each county may levy whatever sums may be necessary for general fund purposes, permanent improvement fund purposes, road and bridge purposes and jury purposes so long as the total of these tax rates does not exceed Eighty Cents (80¢) on the One Hundred Dollars (\$100) valuation in any one (1) year, and providing further that the Commissioners Court shall not impair any outstanding bonds or other obligations; providing for the necessary election and form of ballot; and providing for the necessary proclamations and publications.

Be it resolved by the Legislature of the State of Texas:

Section 1. That Section 9, Article VIII of the Constitution of the State of Texas be amended so as to hereafter read as follows:

"Section 9. The State tax on property, exclusive of the tax necessary to pay the public debt, and of the taxes provided for the benefit of the public free schools, shall never exceed Thirty-five Cents (35¢) on the One